

Message Text

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ACTION ARA-20

INFO OCT-01 ISO-00 AID-20 L-03 EB-11 CIAE-00 INR-10

NSAE-00 RSC-01 NSC-10 SS-15 SSO-00 NSCE-00 USIE-00

INRE-00 PRS-01 IGA-02 XMB-07 OMB-01 TRSE-00 DRC-01

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FM AMEMBASSY LA PAZ

TO SECSTATE WASHDC IMMEDIATE 883

C O N F I D E N T I A L LA PAZ 5498

E.O. 11652: GDS

TAGS: EAID, BL

SUBJECT: RURAL ELECTRIFICATION LOAN SIGNING (LOAN 511-L-046)

REF: STATE 167238

1. SUMMARY: IN HIS SPEECH OF JULY 23 AT LOAN SIGNING CEREMONY IN GOVERNMENT PALACE, AMBASSADOR SIRACUSA ASSURED PRESIDENT BANZER THAT RURAL ELECTRIC LOAN WOULD BE SIGNED SHORTLY. IN RESPONDING REMARKS, PRESIDENT ACCEPTED THIS COMMITMENT AND REFERRED TO EXPECTATION OF SIGNING THIRD LOAN "IMMEDIATELY." USIS PRESS RELEASE REPORTED ANNOUNCEMENT THIS LOAN AND REFERRED TO ITS BEING "SOON MADE EFFECTIVE." PRESIDENT BANZER HAS NOW ASKED US TO ARRANGE SIGNING CEREMONY IN COCHABAMBA ON SEPT 14. MISSION CONSIDERS AGREEMENT TO SEPTEMBER DATE FOR SIGNING AN IMPORTANT ACT OF GOOD FAITH IN MEETING PREVIOUS COMMITMENT TO GOB, AND IN HELPING PRESIDENT BANZER OVERCOME A CURRENT DOMESTIC POLITICAL PROBLEM. END SUMMARY.

2. FOLLOWING ARE TRANSLATIONS OF PERTINENT PARTS LETTERS RECEIVED FROM MIN FINANCE AND MIN ENNERGY.

A. FROM MINN FINANCE. QUOTE: WITH REGARD TO THE SIGNING OF THE LOAN AGREEMENT FOR RURAL ELECTRIFICATION
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WHICH WAS ANNOUNCED BY AMBASSADOR ERNEST SIRACUSA, ON

THE OCCASION OF THE SIGNING CEREMONY IN THE GOVERNMENT PALACE OF THE LOAN AGREEMENT FOR "SENDU" AND THE CAJA CENTRAL, HIS EXCELLENCY GEN. HUGGO BANZER SUAREZ, PRESIDENT OF THE REPUBLIC, HAS CHARGED ME WITH ADVISING YOU THAT HE WOULD BE GREATLY PLEASED IF THIS NEW LOAN AGREEMENT COULD BE SIGNED ON THE FOURTEENTH OF SEPTEMBER IN THE CITY OF CHOCHABAMBA IN RECOGNITION OF THE ANNIVERSARY OF THAT DEPARTMENT.

IN EXPECTATION OF YOUR FAVORABLE RESPONSE, SO THAT WE MAY MAKE THE TIMELY AND NECESSARY ARRANGEMENTS. UNQUOTE.

B. FROM MIN ENERGY. QUOTE: THE AGREEMENT SHOULD BE SIGNED AS SOON AS POSSIBLE SINCE IT WAS ANNOUNCED CONSIDERABLY IN ADVANCE. MOREOVER, THE PROGRAM FOR CARRYING OUT THE PROJECT WHICH, AT THE PRESENT TIME IS BEHIND SCHEDULE AS COMPARED TO THE ORIGINAL PLAN, SHOULD BE ACCELERATED. UNQUOTE.

3. THE PRESIDENCY HAS ADVISED BY PHONE THAT FOR "WELL KNOWN REASONS OF POLICY" PRESIDENT BANZER EXTREMELY ANXIOUS TO SEE LOAN AGREEMENT SIGNED IN COCHABAMBA ON SEPTEMBER 14 DURING HIS VISIT THERE. (FYI: GOB CONCERN AND INTEREST UNDERSTANDABLE IN LIGHT RECENT ACCUSATIONS THIS GOVERNMENT HAS NEGLECTED COCHABAMBA AREA.)

4. WHILE GOB HAS IN THE PAST SOUGHT DOUBLE (OR MORE) PUBLICITY MILEAGE FROM FOREIGN ASSISTANCE LOANS, IN THIS CASE THEY HAVE EXPRESSED NEED TO SIGN THIS LOAN AT TIME AND PLACE RELATIVE TO SPECIFIC INTERNAL PROBLEM. GOB IS AWARE OF USG DESIRE TO SIGN THIS LOAN IN OCTOBER, BUT EVIDENTLY HAS CONCLUDED THAT GOB'S INTERESTS BEST SERVED BY SIGNING NOW RATHER THAN DURING BANZER VISIT. IT IS, OF COURSE, QUITE POSSIBLE THAT GOB EXPECTS OBTAIN OTHER MAJOR LOANS FROM US IN OCTOBER, ALTHOUGH THIS MISSION HAS NOT HELD OUT THAT POSSIBILITY (NOR HAVE WE SUGGESTED THERE MIGHT BE NO OTHER LOANS).

5. MISSION SUGGESTS AID/W GIVE FULLEST CONSIDERATIONS ADVANTAGES DURING BANZER VISIT LINK RECENT LAON AGREEMENTS SIGNED (SENDU, CAJA IN JULY, RURAL ELECTRIC IN SEPTEMBER) WITH NEW LOAN PROPOSALS WE WILL HAVE UNDER ACTIVE CONSIDERATION IN OCTOBER (RURAL ELECTRIC TWO AND NEW LANDS DEVELOPMENT), AND AID INTEREST IN CONFIDENTIAL

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FURTHER LENDING FOR AGRICULTURE, EDUCATION AND PUBLIC HEALTH SECTORS IN SUPPORT OF PROGRAMS ALREADY BEING DEVELOPED BY GOB WITH AID ASSISTANCE.

6. PLEASE ADVISE ASAP.
BREWIN

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